PART IV

Section 2-C (ii)

STATUTORY ORDERS ISSUED BY THE STATE GOVERNMENT UNDER THE CENTRAL ACTS AND STATE ACTS

GOVERNMENT OF MYSORE

Food, Civil Supplies and Labour Department

Labour Dispute.—Industrial Dispute between the workmen and the management of Sri Krishnarajendra Mills Ltd., Mysore.

Award of the Industrial Tribunal, Bangalore—Published.

Read the following papers:

(1) Letter No. IT. 83/72-73, dated 30th September 1972 from Sri Narayan Rai Kudoor, Presiding Officer, Industrial Tribunal, Bangalore.

BEFORE THE INDUSTRIAL TRIBUNAL IN MYSORE, BANGALORE.

Dated 29th September 1972

Present

Sri Narayan Rai Kudoor, B.A., B.L., Presiding Officer.

I. D. No. 17 of 1969

I Party—

Workmen represented by:

(A) The Secretary, Sri Krishnarajendra Mills Labour Association, Mysore.

(B) Sri Krishnarajendra Mills Workers Union, Mysore.

(C) Sri Krishnarajendra Mills Karmik Sangh, Mysore.

(D) Sri Krishnarajendra Mills Staff Association, Mysore.

(E) Sri Krishnarajendra Mills Staff Union, Mysore.

Vs.

II Party—

The Management of Sri Krishnarajendra Mills Limited, Mysore.

Appearances

For the I Party (A)—

Sri V. A. Mohan Rangam, Advocate, Bangalore.

For the I Party (B)—

Sri K. P. Sachindranath.

For the I Party (C)—

For the I Party (D)—

Sri Somasunder.

For the I Party (E)—

Sri A. Venkateshaiah, Advocate, Mysore.

For the II Party—

Sri T. Rangaswamiengar, Advocate, Bangalore.

AWARD

The Government of Mysore being of opinion that an industrial dispute exists between the workmen and the management of Sri Krishnarajendra Mills Ltd., Mysore, referred the said dispute to this Tribunal for adjudication in exercise of the powers conferred by sub-section (2) of Section 10 of the Industrial Disputes Act, 1947 (Central Act No. XIV of 1947) as per their Order No. FCL 92 LLD 69, dated 24th March 1969 on the following points of disputes :—

"(1) What should be the rates of Dearness Allowance payable to the workmen of Sri Krishnarajendra Mills, Mysore, with effect from 1st January 1969;

(2) Whether the workmen of Sri Krishnarajendra Mills are justified in demending wages for the period of strike/lock-out with effect from 1st February 1969? If not to what other relief are the workmen entitled to for the above period?

(3) Are the workmen of Sri Krishnarajendra Mills, Mysore, justified in demanding confirmation of substitutes as permanent irrespective of any breakages and continuity service from the original date of joining the Mills?

If not to what other relief are the above substitutes entitled to?"

2. On receipt of the above reference, it was registered as I.D No. 17 of 1969. Notice of the above dispute has been sent to both the I Party workmen as well as the II Party Management. In pursuance of the notices both the parties entered appearance and filed their respective statement of claims.

3. The I Party workmen are represented by five different trade unions. They are: (1) Krishnarajendra Mills Labour Association, (2) Krishnarajendra Mills Workers Union, (3) Krishnarajendra Mills Karmik Sangh, (4) Krishnarajendra Mills Staff Association, and (5) Krishnarajendra Mills Staff Union which will be hereinafter called as the Labour Association, Workers' Union, Karmik Sangha, Staff Association and Staff Union respectively.

4. The Labour Association, Workers Union and the Karmik Sangh have filed three separate statements of claims raising identical points. The other two unions namely the Staff Association and Staff Union filed two separate statements advancing similar contentions. The sum and substance of the points urged by the various unions on behalf of the I Party workmen in support of their demands briefly stated are these:

5. Krishnarajendra Mills Ltd., Mysore, is a Textile Mill started in the year 1920. It has made good profits after the out-break of World War II and continued to do during the succeeding years. At present it works in three shifts in all the seven days in a week. It has fully rationalised, its working and replaced the plant and machinery to modernise some of its old plant and machinery. It has reputation in the market for quality and material of its products. It is one among the highly evolved textile mills in India. This mill cannot be compared in any way with any other textile mills situated in the State of Mysore. For the purpose of comparison the total wages including all fringe benefits of the textile industry as a whole throughout India and not on the basis of the scattered textile industry located in the region should be taken. The payment of wages for textile workers in the textile industry depends upon the workload and the efficiency at which the worker attains the production. The wages cannot be comparable to any other kind of earning in the city or on

similar category of jobs or any other category of jobs unless the workload, the efficiency attained and the work content putforth by the workers on similar machines are equal. The present position of the textile industry throughout India is bright. The critical times in the past alleged to have affected the textile industry is no more in existence.

On the publication of the Recommendation of the 1st Wage Board for Cotton Textile Industry, the workmen through their unions demanded its full implementation, besides demanding cent percent neutralisation of rise in the cost of living for Mysore. The II Party Management refused to concede the demands in respect of all the points of recommendation in general and the recommendation relating to dearness allowance in particular. The Government of Mysore referred the said dispute to the then Industrial Tribunal in I.D. No. 12/61 and the Tribunal passed an award. Both the parties were dissatisfied with the said award and filed Writ Petitions Nos. 212 of 1963 and 90 of 1963 respectively. During the pendency of the matter before the High Court, the parties have entered into a settlement dated 1st July 1963 and filed a Memorandum of Compromise requesting the High Court to quash the award and in its place substitute the settlement in question. Accordingly the award was quashed and the settlement in question was substituted in its place. Under the settlement the parties agreed to higher workload and rationalisation and further agreed to the method of distribution of the gains of rationalisation also. It is further provided that upto 327 points of the cost of living index for Mysore a fixed D.A. of Rs. 39—04 and for every point rise above 327 points the D.A. have to be calculated at 0–20 Paise per point. In addition the members of the staff are paid an additional allowance at varying rates on different slab of pay. Another settlement dated 30th September 1966 was entered into between the parties in the course of the conciliation proceedings while this settlement was in force modifying the mode of payment and freezing the D.A. payable at Rs. 110 per month from September to December 1966 and to restore D.A. payable on the basis of the settlement dated 1st July 1963 with effect from 1st January 1967.

The II Party instead of honouring the settlement dated 30th September 1966 to restore the D.A. with effect from 1st January 1967 payable as per the terms of the settlement dated 1st July 1963 continued to negotiate and reached another settlement dated 16th January 1967 in the course of conciliation proceedings whereunder the D.A. was further reduced and freezed at Rs. 90 per month for a period of 2 years. The Workers Union and the Karmik Sangh did not subscribe to the said settlement. They filed two separate Writ Petitions Nos. 378 and 456 of 1967 before the High Court attaching

the settlement in question. The High Court dismissed both the writ petitions and approved the settlement dated 16th January 1967 and gave effect to it. The workmen of the Unions who have lost their cause in the High Court assaulted some of the office bearers of the Labour Association being enranged on the result of the writ petitions.

The II Party Management seeing the attitude of the workmen unilaterally enhanced the D.A. payable at Rs. 90 under the settlement dated 16th January 1967 to Rs. 102 p.m. with effect from 1st July 1967 to 30th September 1968 for a period of 14 months and again stopped payment of the enhanced D.A. of Rs. 12 per month unilaterally as from 1st October 1968. This has again caused unrest among certain sanctions of the workmen. The I Party Unions assured the workmen that the terms of the settlement dated 16th January 1967 to restore the D.A. on the basis of the settlement dated 1st July 1963 with effect from 1st January 1969 would be honoured by the II Party.

The II Party contrary to their own commitment deliberately and wantonly provoked the workmen by refusing to implement the terms of the settlement dated 16th January 1967 regarding the restoration of the D.A. payable as per the terms of the settlement dated 1st July 1963 with effect from 1st January 1969. The II Party has not paid the D.A. due for the workers as on 1st February 1969 for the month of January 1969. This has resulted in the provocation of the workmen and the workmen struck work from 1st February 1969 demanding to restore payment of D.A. on the pattern envisaged under the settlement dated 1st July 1963. The II Party declared lock-out with effect from 4th February 1969 which continued upto and inclusive of 21st February 1969. By then the Unions representing the I Party workmen and the Management arrived at a tentative settlement under dated 22nd February 1969 agreeing to refer the dispute to this Tribunal for adjudication among other things. In pursuance of the said settlement the Mills was re-opened on 22nd February 1969. The II Party Management is enjoined under the terms of various settlements to pay D.A. on the pattern envisaged under the settlement dated 1st July 1963 with effect from 1st January 1969.

The workmen were provoked by the unfair labour practice adopted by the II Party Management to launch a strike and as such they are entitled to full wages and all other benefits during the period of strike/lock-out with effect from 1st February 1969 to 21st February 1969. Their demand for confirmation of the substitutes as permanent is also justified under the terms of the settlement dated 1st July 1963. These are the grounds urged by the various unions on behalf of the I Party workmen in support of the demands covered under the order of reference.

6. As against this, the II Party has filed two separate counter statements one in answert o the claim statements filed by the Labour Association, the Workers Union and the Karmik Sangh and the other to the statements filed by the Staff Association and the Staff Union. The grounds urged by the II Party against the demands of the I Party in brief are these :—

Sri Krishnarajendra Mills Ltd., (hereinafter referred to as the Mills) was established about the year 1922. The present subscribed capital of the Mills is Rs. 45,68,000 made up of 91,366 shares of Rs. 50 each. On account of continued heavy losses suffered by the Mills, the share capital was reduced to Rs. 25 per share. After the II World War the Mills began to make profits and the share value was again brought up to Rs. 50 per share in the year 1949 by issuing bonus shares. The Mills made good profits after the II World War for some years. A textile mill working three shifts is nothing strange but quite common all over India. Without working three shifts, the Mills could not continue to exist. Working on all the seven days in the week is in compliance with the request of the workmen to provide employment and in reduce losses. It is also in accordance with the provisions of the Factories Act. It is not correct to state that 1/6th of the total production is without any additional cost.

It is denied that the Mills has fully rationalised its working. The Management is not having the co-operation of the workmen in rationalisation as per the Recommendation of the 1st Central Wage Board for Cotton Textile Industry. The workload in the Mills are very much lower as compared to other mills. Only a few of the old plant and machinery have been modernised. Major portion remains yet to be modernised. Whatever the reputation, the Mills has been able to establish, the goods manufactured are not moving in the market. There is considerable available stock. It is not correct to state that the Mills is one of the most highly organised and evolved textile mills in India. It is lagging far behind the other textile mills in India both in terms of rationalisation and modernisation.

There is no reason why the Mills cannot be compared with any other textile mills in the Mysore State. The Mills which is classed as second category mill under the 1st Central Wage Board for Cotton Textile Industry is legitimately to be compared with other similarly classed textile mills in Nanjangud, Gokak, Davangere, Gulbarga and Hubli. The textile mills in Davangere though established long after the Mills have modern machinery and manufacture marketable varieties of cloth and made good profits. It has been modernised and rationalised to a much greater extent than the mills. Still those mills pay D.A. in a costlier city like Davangere at a much lower rate than what is paid in the mills. For the purpose of comparison it is well recognised that region-wise units should be considered.

In addition to the factors mentioned by the I Party in their statements regarding payment of wages in textile mills, the capacity of the unit must also be considered. Comparison have to be made broadly taking into consideration similarity of work. Efficieincy and workload in the Mills are low as compared to other units. The position of the textile industry throughout India is far from being bright. The critical times are not yet over. Nearly 80 to 90 Mills have been closed down.

It is true that D.A. in the Mills had in the past been linked to the cost of living index. Cent percent neutralisation in the cost of living is not made in any unit and it is also wrong in principle. It only adds to the inflationary spiral. The Mills has implemented the recommendation of the 1st Central Wage Board for Cotton Textile Industry. The reasons for not reverting to payment of D.A. linked to the cost of living index are given in the settlement dated16th January 1967. The said settlement was arrived at in the presenee of all the Unions, but two unions later declined to sign the settlement after having participated in the negotiations and conciliation. However, the High Court has held that the settlement is binding on all the workmen. The II Party made an additional ex-gratia payment of Rs. 12 per month for a specified period because of the representations made on behalf of the workmen. As the date up to which it was announced to be paid was over, the additional payment was stopped. The II Party is not concerned with whatever assurances the unions might have given to the workmen. The unions have no authority to give any assurance to the workmen without the consent of the II Party Management as against the judgment of the High Court upholding the settlement dated 16th January 1967. The workmen were ill-advised in getting provoked. The II Party did not do anything wantonly or deliberately. The question of reverting to the agreement dated 1st July 1963 did not arise in view of the judgment of the High Court. The II Party offered the same D.A. as provided under the settlement dated 16th January 1967 to the workmen even for the subsequent period with effect from 1st January 1969. However, the workmen declimed to take it and went on an illegal strike with effect from 1st February 1969. The management had inevitably to effect a lock-out from 4th February 1969 because of illegal stay-in-strike. The lock-out declared by the II Party is quite legal. Payment of D.A. to the workmen at 20 paise per point rise above 327 points is not a condition of service. The II Party is not bound to pay D.A. linked to the cost of living index either at 20 paise per point rise over 327 points or at any other rate from 1st January 1969. It is well established that the payment of D.A. and the rate at which it is to be paid depends on the capacity of the industry to pay. The Mills is unable to pay D.A. at more than Rs. 90 per month either by linking to the cost of living index at a suitable rate or at a fixed sum.

The total wage bill of the Mills which was about Rs. 36 lakhs in 1962-65 has gone up to about Rs. 68 lakhs in the year 1967-68. Unless the wage bill is reduced the Mills cannot survive. The reduction can be made only by reducing the D.A. Since the strike was illegal, the workmen are not entitled for any wages for the strike period. The aggregate losses of the Mills were of the order of Rs. 53 lakhs. The share holders of the Mills have not been paid any devidend for the past six years and they are pressing that the Mills should be closed and the company liquidated. The total borrowing of the Mills is about one crore and 70 lakhs of rupees and for this loan the Directors have stood personal guarantee. In this state of affairs, the II Party is unable to pay D.A. more than Rs. 90 per month. The Textile Mills at Davangere and Nanjangud which come under category-II as the Mills are paying D.A. lower than the D.A. paid by the II Party. The wage bill of the Davangere Mills is less than that of the Mills. As the price of the goods produced by the Mills should be competitive with the prise of the goods produced in Davangere, Nanjangud, Subramanyapura, Bangalore and Gokak, the D.A. in the Mills cannot be increased. Besides since the Mills is now about 45 years old and if the machinery is not fully modernised, it will not survive. Only a part of the machinery is modernised and it involves an investment of Rs. 60 lakhs to modernise the portions not yet modernised. The basic wages obtained in the Mills by different categories of workmen is very high and in some cases higher than the wage rates in Ahmedabad and Bombay Textile Mills. The average pay packet of a workman in the Mills is Rs. 160 per month when the D.A. rate is Rs. 90 per month. To the knowledge of the II Party no industry in the State of Mysore except three textiles mills in Bangalore pays D.A. more than Rs. 90 per month.

The II Party Mills has not adopted any unfair labour practice towards the I Party. The workmen went on an illegal strike. The lock-out was effected because of the illegal strike of the workmen. Thus it was legal. Hence the workmen are not entitled to any wages for the period from 1st February 1969 to 21st February 1969.

As on 1st May 1969 the labour strength in the Mills was 2990 including permanents and substitutes. The number of workmen required for full work in all the three shifts is about 2200. It is highly unreasonable for the I Party to demand that all the 2990 should be made permanent workers. Even if cent percent required strength for full working is to be made permanent, the maximum permanent strength would be 2200. By keeping margin of about 20 per cent for rationalisation which is a continuous process, it is proposed to keep a permanent labour strength of 80 per cent of the full requirement. This work is in progress. More substitutes cannot be made permanent. On these grounds it is prayed by the II Party that the demands of the workmen have to be rejected.

7. The I Party Unions filed a Joint Reply Statement reiterating the points urged in their statements ofd emands.

8. On the pleadings my learned predecesssor has raised the following additional issues :—

"1. Whether the II Party Mills is liable to restore the Dearness Allowance to the rates as per the Agreement of 1st July 1963, with effect from 1st January 1969, as alleged by the I Party-workmen ?

2. Whether the Agreement of 1st July 1963 got merged in the compromise award passed by the Hon'ble High Court in W.P. No. 90/63 and no longer survives as per the decision in W.P. No. 378 and 456 of 1967, as alleged by the II Party-Mills ?

3. Whether the II Party-Mills has financial capacity to meet the demands of the workers in regard to the payment of Dearness Allowance ?

OR

Whether the financial capacity of the II Party-Mills does not permit payment of Dearness Allowance at a rate higher than Rs. 90 per month ?

4. Whether the II Party-Mills is estopped from pleading incapacity to pay Dearness Allowance as demanded by the workmen ?

5. To what reliefs are the parties entitled ?"

9. After settling the above additional issues the main dispute is set down for evidence. During the pendency of the enquiry of the dispute, a settlement was arrived at between the Labour Association and Staff Association on one hand and the Management on the other regarding the implementation of the recommendation of the II Central Wage Board for Cotton Textile Industry which was in the meantime published, including the points of dispute covered under the present order of reference and the same was filed before this Tribunal with a request to pass an award in terms thereof. The Workers Union, the Karmik Sangh and the Staff Union have filed their objections opposing the settlement and objecting to pass an award in terms thereof.

10. Both the parties requested that the question of acceptance or otherwise of the settlement and passing of an award in terms thereof may be considered in the first instance before taking up the dispute on merits. The parties have filed documents and addressed their arguments on this question on the basis of the documents produced, but without the same being marked as exhibits. Subsequently it was felt that the documents in question have to be marked and the parties were given opportunity to do so. The II Party examined three witnesses and got marked 28 documents whereas the I Party did not lead any evidence. At the conclusion of the evidence, both the parties did not address further arguments but rest contended with the points urged in the first instance.

11. Sri Rangaswamy Iyengar learned counsel for the II Party urged several points for consideration in support of his plea that an award may be passed in terms of the settlement filed into court. Before considering the points urged by him it would be relevant to refer to the circumstances under which the present reference was made and the settlement in question came to be signed.

12. The Mills is a textile mill working in Mysore. The workmen of the Mills consisting of the Operatives as well as the Staff members are represented by five separate unions which are all parties to this dispute. Of these five unions, the Labour Association as well as the Staff Association are the two recognised unions under the Code of Discipline. There were a number of disputes between the workmen and the management of the Mills as regards the implementation of the recommendation of the Ist Central Wage Board for Cotton Textile Industry. Those disputes were referred to this Tribunal in I.D. 12/61 and the Tribunal passed an award. The labour as well as the Management were not satisfied with the award passed by the Tribunal Both of them challenged the award by filing separate Writ Petitions before our High Court. During the pendency of those writ petitions, the parties came to a settlement under date 1st July 1963 and filed the Memorandum of Compromise before the High Court and the High Court quashed the award passed by the Industrial Tribunal and substituted the settlement in its place. That settlement was to be in force for a period of 4 years commencing from 1st July 1963. As per the terms of that settlement the workmen were entitled with effect from 1st January 1960 Dearness Allowance at the rate of Rs. 39.04 as fixed D.A. for the cost of living index of 327 points and that with effect from 1st July 1963 they were entitled of every point rise above 327 points flexible D.A. at the rate of 20 paise per point. During the subsistence of that settlement another settlement came to be signed in conciliation on 30th September 1966 in partial modification of the settlement of 1st July 1963 under which the D.A. payable to the workers was freezed at Rs. 110 per month for a period

of 4 months commencing from September to December 1966, as the management was unable to pay D.A. as per the terms of the previous settlement on account of steep rise in the cost of living index and also of serious financial set back of the Mills. In spite of the favourable gesture of the workers and the Staff members, there was no improvement in the financial position of the Mills but on the contrary it has deteriorated further. Then the management brought the situation to the notice of the representatives of the workers and the staff and explained to them the difficulties experienced by the Mills in running the Mills and unless drastic measure were introduced to prevent further losses and to place the companyo n a sound financial footing, the management was bound to carry out the instructions of the share holders and to bring the company into liquidation and close the mills. After the prolonged discussions, the Labour Association and the Staff Association which are the two recognised unions under the Code of Discipline and representing the majority of workers and the Staff Union another un-recognised Union entered into a settlement with the managemento n 16th January 1967 as per Ext. M-2, whereunder the D.A. payable to the workers was further reduced and fixed at Rs. 90 per month and the management would utilise the funds so saved for modernising the mills so as to enable it to withstand the competition from other textile mills. This settlement was to be in force for two years with effect from 1st January 1967. The two unions who were not parties to the settlement namely the Workers Union and the Karmik Sangh challenged the validity of the settlement before our High Court by filing two separate writ petitions Nos. 378 and 456 of 1967. The High Court upheld the settlement Ext. M-2 as per the decision reported in 1968 I. LLJ 504 (Krishnarajendra Mills Workers Union **vs.** Assistant Labour Commissioner). On the expiry of the period of the settlement Ext. M-2 the workmen once again demanded to restore D.A. as per the terms of the settlement dated 1st July 1963 with effect from 1st January 1969 which the management refused to concede. The management offered to pay D.A. subsequent to 1st January 1969 as per the terms of the settlement Ext. M-2, but the workmen refused and went on a strike with effect from 1st February 1969. The management on its part declared a lock-out with effect from 4th February 1969 because of the stay-in-strike launched by the workmen. After mutual negotiations the management and in representatives of the workmen arrived at a settlement in the presence of the State Conciliation Officer on 22nd February 1969 under Section 18(1) of the Industrial Disputes Act, 1947 (hereinafter called as the Act) as per Ext. M-3 whereunder they came to certain terms without prejudice to their respective contentions regarding the main dispute and also agreed to refer the dispute to adjudication by the Government under Section 10(2) of the Act. In consequence of the said agreement, the State Government has referred the dispute to this Tribunal for adjudication.

During the pendency of the dispute covered under the order of reference which includes the question of rates of D.A. payable to the workmen with effect from 1st January 1969, the recommendation of the II Central Wage Board for Cotton Textile Industry (hereinafter referred to as the II Wage Board Recommendation) was published and the Central Government accepted the recommendations by a Resolution dated 17th May 1969. The question of implementation of the II Wage Board Recommendation came to the forefront between the parties during the pendency of the dispute. The parties held several discussions between themselves but could not agree to an amicable settlement. The matter was then taken in conciliation before the Deputy Labour Commissioner and Conciliation Officer, Bangalore Region. During the conciliation proceedings, the management offered to settle all the matters covered by the recommendation of the II Wage Board including the dispute pending before this Tribunal. The representatives of the Labour Association and the Staff Association were agreeable to the said proposal whereas the representatives of the other three unions were not agreeable. However, the representatives of the former two unions and the management entered into a settlement before the Conciliation Officer on 18th August 1970 on various points covered under the II Wage Board Recommendations as well as the disputes covered under the present order of reference and filed a compromise petition along with the Memorandum of Settlement with a request to pass an award in terms thereof. The remaining three unions filed their objections praying to the Tribunal not be accept the settlement in question but to decide the points of dispute covered under the order of reference on merits.

13. In this background let me now proceed to consider the various points canvassed by Sri Rangaswami Iyengar in support of his plea to pass an award in terms of the settlement filed by the parties.

14. His first contention was that the settlement evidenced under Ext. M-1 is a settlement arrived at by the majority of the workmen and the management in conciliation, settling all their then outstanding points of dispute including the ones covered under the order of reference that gave rise to this dispute and as such, the same cannot be brushed aside on flimsy grounds, merely because some of the unions representing a very minor section of the workmen do not accept.

I find much force in his above submission. Admittedly, during the pendency of the adjudication of the dispute under the reference, the II Wage Board Recommendation came to be published and the Central Government, by its Resolution dated 17th May 1969 marked

as Ext. M-4, accepted the recommendations on various points including narrowing down the disparities in Dearness Allowance. The implementation of those recommendations gave rise to a fresh industrial dispute between the parties in addition to the dispute already pending adjudication on the file of this Tribunal and the parties took up that dispute in conciliation. This position is not disputed by the contesting unions. During the conciliation, the II Party threw out a proposal to settle all the then outstanding disputes between the parties including the disputes covered under the reference pending adjudication to which the Labour Association and the Staff Association which are the two recognised unions under the Code of Discipline agreed and the remaining unions did not agree. However, since the majority unions representing the workmen and the staff and recognised by the management under the Code of Discipline have agreed for the settlement in respect of all matters including the matter covered in this dispute, the settlement, as per Ext. M-1, came to be signed before the Conciliation Officer settling all the disputes then outstanding between the parties including the disputes pending adjudication before this Tribunal and filed the settlement requesting to make an award in terms thereof.

A perusal of the settlement would make it clear that the settlementment in question covers all the 3 points of dispute scheduled in the order of reference in addition to the other matters covered under the II Wage Board Recommendation. It is further seen from it that the settlement is to be in force till 31st December 1974, a sufficiently long period, in order to give industrial peace in the concern. Since the unions representing the majority of the workmen and the staff members have subscribed to the terms of the settlement embodied in Ext. M-1, I feel that Sri Rangaswamiengar was right in his contention that such a settlement arrived at between the parties to the dispute cannot be set at naught by the minority unions unless there are compelling reasons to hold that the terms of the settlement are harmful or prejudicial to the interest of the employees of the concern as a whole. Normally one has to assume that the majority of the workmen would not sacrifice their own interest while entering into settlements with the management unless the group of the workmen who disputes that decision would in a position to show that the majority acted with ulterior motives. No such allegation has been thrown against the majority unions by Sri K. P. Satchindranath, the learned representative, who argued the case on behalf of the Workers' Union and the Karmik Sangh. For these reasons I feel that the settlement Ext. M-1 is entitled due weight at the hands of this Tribunal.

15. The second ground urged was that the unions representing the majority of the workmen and the members of the staff are **eunomini** parties to the settlement and normally such a settlement must

be regarded as a just and reasonable settlement entered into by those unions on behalf of the whole body of the workmen of the concern. It was not seriously disputed by the contesting unions that the unions who were parties to the settlement, Ext. M-1 were representing the majority of the workmen and the members of the staff. There was also no dispute that they were the only two recognised unions under the Code of Discipline. As regards the strength of the respective unions, it was stated at the bar that the total strength of the workmen and the members of the staff was roughly about 3,500, out of which the strength of the Labour Association is about 2,700, the Workers' Union is about 800, the Karmik Sangha is about 200, the staff association is about 150 and that of the Staff Union is about 30. The above figure regarding the strength of the membership of the various unions comes to 3,880 and it was pointed out that there may be a few employees who were members of more than one union. Even if we take the total strength of the labour force and the members of Staff is at 3,500 and the strength of the contesting unions at the figures given during the course of the argument, they would reach a figure of 1,030 which is less than 1/3rd of thetotal strength. From the above it is seen that the unions who have subscribed to the terms of the settlement, Ext. M-1, are no doubt the unions representing more than 2/3rd of the total strength. Besides it is also mentioned in Ext. M-1 that the unions who have subscribed to the settlement were the majority unions. Besides those unions are recognised by the management under the Code of Discipline. On these facts, I have the least hesitation to hold that the majority of the workmen and the members of the staff of the II Party concern were parties to the settlement, Ext. M-1 and their decision can be accepted as a just and reasonable decision in the interest of the labour.

16. Yet another contention advanced in favour of the settlement, Ext. M-1, was that subsequent to the settlement, all the workmen and the members of the Staff including those office bearers of the contesting unions who are the employees of the II Party concern, have accepted the terms of the settlement without any kind of reservation and as such, they cannot now wriggle out of it having accepted the terms and received the benefits thereunder. On this aspect, we have the evidence of M.W. 1 the General Manager of the Mills. He has sworn in his evidence that all the employees of the II Party have drawn their arrears as well as D.A. as per the settlement, Ext. M-1. His further evidence is that those office bearers and the Executive Committee Members of the contesting unions who are the employees have also drawn their arrears accepting the terms of the settlement without any reservation by passing receipts Ext. M-5 to M-7 series as provided under the settlement. Clause 8 of the Terms of Settlement provides that each workman would execute a voucher at the time of receiving payment under the settlement agreeing

unreservedly to the terms thereof and clause 12 provides for filing a copy of the settlement before this Tribunal for passing an award in terms thereof. It is seen from the above receipts passed by the office bearers and the Executive Committee Members of the contesting unions that each one of them has accepted the payment in terms of the settlement after fully subscribing to all the terms of the settlement without any reservation. It is not in dispute that all the other employees also received the benefits accrued to them under the settlement by executing similar receipts. It was not the contention of Sri K. P. Satchindranath that the employees who were not parties to the settlement have received the benefits under the settlement under any kind of reservation. In that view, I am inclined to hold that those employees who were not parties to the settlement directly also cannot now turn round and say that they are not bound by the terms of the settlement since they have accepted payments under the every settlement voluntarily and knowingly the terms of the settlement. The above conclusion I reached gains substantial support from a decision of the Supreme Court in Amalgamated Coffee Estates vs. their workmen (1965 II LJ J 110).

17. One other point pressed into service by Sri Rangaswamiengar was that the terms of the settlement pertaining to the subject matter of the reference are just and fair and for that purpose one must look into the terms of the settlement as a whole. The only objection raised by Sri K. P. Satchindranath regarding the terms of settlement relating to the points of dispute covered under the Order of reference was about the payment of Dearness Allowance with effect from 1st January 1969. It was his plea that D.A. payable to the workmen with effect from 1st January 1969 should have been fixed in the first instance as per the terms of the settlement dated 1st July 1963 and then the II Wage Board Recommendation regarding the D.A. should have been applied. To better appreciate the above rival contentions of the parties, it will be useful to reproduce that part of the terms of settlement Ext. M-1 pertaining to the payment of D.A. with effect from 1st January 1969.

TERMS OF SETTLEMENT

"3. The Management further agrees as a gesture of goodwill to calculate the dearness allowance for the month of January 1969 only, at the rate of 20 paise per point of rise above 327 points in the cost of living index figure for the City of Mysore and pay the difference between this amount and the amount already paid for this month. This will not be construed as amounting to an admission on the part of the management of an obligation to pay at the above said rate for any other month or period.

4. With effect from 1st February 1969 upto 1st January 1971 a consolidated dearness allowance of Rs. 115 per month will be paid to the workmen the break-up of which is as detailed below :—

(i) Rs. 90–00 dearness allowance fixed as per agreement dated 16th January 1967.

(ii) Rs. 12 that was being paid as ex-gratia payment upto the end of September 1968.

(iii) Rs. 4 representing the total increment in wages of Rs. 0–75 P. recommended by the Second Central Wage Board per year per worker for a period of 5 years rounded off to the nearest rupee. This is agreed by the parties to be added to dearness allowance as there are difficulties in adding the same to the present wage structure. All the 5 increments are consolidated and rounded off to the nearest rupee and the same will be treated as part of dearness allowance.

(iv) The increase of dearness allowance of Rs. 3 per year recommended by the Second Central Wage Board which would fall due on 1st January 1969, 1st January 1970 1st January 1971.

5. Though the next increment of Rs. 3 in dearness allowance falls due on 1st January 1972, it will be paid with effect from 1st August 1970 making the total dearness allowance payable at Rs. 118 This is again agreed to with a view to maintain cordial atmosphere amongst the workmen.

6. The last increase of Rs. 3 in dearness allowance as recommended by the Second Central Wage Board falls due on 1st January 1973 and it will be paid with effect from that date bringing the total dearness allowance to Rs. 121 with effect from 1st January 1973 ".

It is undisputed that as per the recommendations of the 1st Central Wage Board for Cotton Industry, Dearness Allowance was linked with the cost of living index under the settlement dated 1st July 1963 in the Mills. As per the terms of the said settlement, the D.A. payable to the workmen was fixed at Rs. 39–04 P. upto 327 points of the cost of living index and every point rise above 327, an additional D.A. at 20 Paise per point rise. That arrangement was to be in force for four years, i.e., till 1st July 1967. In view of the set back in the financial position of the Mills during the subsequent years, the workmen and the management entered into a settlement dated 30th

September 1966 fixing the D.A. at a flat rate of Rs. 110 per month irrespective of the cost of living index for a period of 4 months ending with 31st December 1969. Once again the representatives of the workmen and the management entered into another settlement under date 16th January 1967 (Ext. M-2) fixing the D.A. at a flat rate of Rs. 90 per month for a period of 2 years with effect from 1st January 1967 in view of the further set back in the financial position of the Mills. At the expiry of the period of that settlement, once again disputes arose between the parties regarding payment of D.A.; the workmen claiming to revert back to the terms of settlement dated 1st July 1963 and the management sticking on to the terms of the latest settlement exhibit M-2 which gave raise to the present order of reference along with two other points of dispute. During the pendency of the dispute, the Central Government accepted the Second Wage Board Recommendations on various matters including the payment of Dearness Allowance as per the Resolution Exhibit M-4 dated 17th May 1969. It is provided under the Resolution that the Second Wage Board Recommendations should remain operative for a period of 5 years with effect from 1st January 1969 and that during this period there should be no claim for revision of matters covered by the recommendations in those establishments which implement the recommendations fully. It is also provided under the Resolution that where difficulties would involve in the implementation of the recommendations in some of the weaker Units of the Industry, then, the parties were advised to enter into bi-partite discussions with a view to arrive at mutually acceptable settlements. As regards payment of D.A. with effect from 1st January 1969, the following recommendation has been made by the II Wages Board at para 225 of Chapter IX of the Report.

"(1) **Narrowing down the disparties in dearness allowance.**

(a) Where the average monthly dearness allowance paid by a Unit during the year 1968 to its lowest paid worker falls short of Rs. 140, the difference between the sum so paid and Rs. 140 shall be made up over a period of 5 years commencing from 1st January 1969 as far as may be in the manner specified below:

If the difference is Rs. 15 or more, the unit shall pay to every worker an additional dearness allowance of Rs. 3 per month from 1st January 1969; Rs. 6 per month from 1st January 1970 and so on till 1st January 1973.

If the difference is less than Rs. 15 it shall make similar payments to every worker from 1st January 1969 until the difference is made up. If, however, the difference can be made up by paying an additional sum of less

than Rs. 3 at any stage, only such sum falling short of Rs. 3 as makes up the difference shall be paid.

For the purpose of calculating the average monthly dearness allowance paid during the year 1968, the total dearness allowance including the fixed, variable and flat dearness allowance paid during that year shall be taken into account....."

18. It is well established that two principal factors which must weigh while fixing or revising Wage Scale and D.A. are :—

(1) The present wages prevailing in the establishment in question compare with those given to the workmen of similar grade and scale by similar establishments in the same industry or in their absence in similar establishments in other industries in the region and;

(2) what wage scales the establishment in question can pay without any undue strain on its financial resources. (Vide Unichem Laboratories Limited vs. the workmen 1972 I LLJ 576).

The above two principal factors are the guide lines for fixing or revising the wage scale and D.A. when the Tribunal is called upon to discharge that function. We are not in that region at present. The present function of the Tribunal in this dispute is to find out whether the terms of the settlement arrived at by the majority of the workmen on the one hand and the management on the other relating to payment of D.A. with effect from 1st January 1969 are just and fair. It is open to the contending parties to decide what is just and fair regarding the revision of D.A. in a given set of circumstances. If there is no amicable settlement among the parties, about that question, then the prescribed authority will step in and decide the Issue and while so deciding, it must follow the above principles enunciated by the Supreme Court. The same principles must be borne in mind while considering the question of fairness of the terms of the settlement arrived at by the parties in the case. Admittedly, the workmen of the II Party were paid D.A. at a flat rate of Rs. 90 under the settlement Ext. M-2. As per the recommendation of the II Wage Board, the provision of narrowing down the disparity in D.A. has to be applied taking into consideration the average monthly D.A. paid by an unit during the year 1968 to its lowest paid worker. If that were so, the recommendations in question should have been made applicable to the workmen of the II Party taking the D.A. at Rs. 90 per month. Instead of doing so, what the majority of the workmen and the management settled under the settlement Ext. M-1 was that

the D.A. for the month of January 1969 was to be calculated as per the provisions of Settlement dated 1st July 1963 i.e., linking the D.A. with the cost of living index which works out to the advantage of the workmen. As regards the D.A. payable from 1st February 1969 upto 1st January 1971, a consolidated D.A. of Rs. 115 was fixed, the break up of which is as follows :—Dearness Allowance fixed as per Ext. M-2 Rs. 90; ex-partia payment made upto end of September 1968 Rs. 12; the total increment in wages for 5 years at Rs. 0–75 P. as recommended by the II Wage Board rounded off to the nearest rupee Rs. 4; and the increase of D.A. of Rs. 9 at the rate of Rs. 3 per year recommended by the II Wage Board which would fall due on 1st January 1969, 1st January 1970 and 1st January 1971. It is further provided that though the next increment of Rs. 3 in the D.A. were to fall due on 1st January 1972, it was made payable with effect from 1st January 1970, thus making the total D.A. of Rs. 118 payable from 1st January 1970. The last increase of Rs. 3 in D.A. as recommended by the II Wage Board which falls due on 1st January 1973 was made payable with effect from that date, thereby bringing the total D.A. to Rs. 121 with effect from 1st January 1973. The above analysis of the terms of the settlement Ext. M-1 relating to the D.A. would give a fair idea as to how the parties to the settlement have resolved their dispute regarding the revision of Dearness Allowance and fixing the quantum.

19. The II Party in support of its contention has examined three witnesses besides filing a number of documents including the audited balance sheet and Statement of Account for the period from 1960-61 to 1968-69 to show that the Dearness Allowance fixed under the Settlement Ext. M-1 was comparable to the Dearness Allowance paid in the other units of the same industry in the State of Mysore and also to establish that the Dearness Allowance so fixed is just and fair taking into consideration of the financial capacity of the Mills. Ext. M-8 is a statement showing the Dearness Allowance paid in other Sextile Mils at places like, Davangere, Nanjangud and Gokak and two other factories at Mysore, viz. The Ideal Jawa (India) Private Limited, Mysore and the Government Sandalwood Oil Factory, Mysore. Exhibits M-9 to M-14 are the letters received from various establishments regarding the payment of Dearness Allowance in their respective establishments most of which relate to payment of Dearness Allowance in Cotton Textile Industry. Ext. M-15 is the Gazette copy of the Award of this Industrial Tribunal dated 3rd July 1960 in I.D. No. 172 of 1966 relating to the Dearness Allowance of the workmen of Davangere Cotton Mills Limited. Among the witnesses examined, the first witness is the Manager of the Mills. He has referred to the various documents filed on behalf of the management. Incidentally, he also referred to the Dearness Allowance payable in Sujatha Textile Mills, Nanjangud as well as in Ideal Jawa

(India) Private Limited which is an Engineering concern. The other witnesses examined are one from the Ideal Jawa (India) Private Limited, Mysore and the other from Sujatha Textile Mills, Nanjangud, who gave an account of the Dearness Allowance, prevailing in their respective concerns. The Dearness Allowance fixed under the Settlement Ext. M. 1 when compared to the Dearness Allowance paid by other Units of the same Industry in Mysore State, other than the Units in Bangalore City as borne out from the evidence produced by the II Party, both oral and documentary, cannot be said to be either low or inadequate. It is no doubt true that Binnys at Bangalore which is a Cotton Textile Mill prays higher Dearness Allowance than what is fixed under Ext. M. 1. It was pointed by Sri Rangaswamy Iyengar that the Textile Mills in Bangalore City were placed under category I and the Mills outside Bangalore City in Mysore State were placed under Category II by the First Central Wage Board for Cotton Textile Industry and in that view, he contended that the Dearness Allowance paid in the Cotton Textile Mills in Bangalore City cannot be taken as a comparable figure for the purpose of revision of Dearness Allowance in the Units of the same Industry outside Bangalore City, a contention appears to me sound and acceptable. If we exclude the Dearness Allowance paid by the Units in Bangalore City, then the Dearness Allowance fixed under Ext. M. 1 when compared to the Dearness Allowance of the other Units in the same industry in the Mysore State is on the favourable side.

20. As regards the financial capacity of the II party, the II Party besides producing the Audited Balance Sheet and the Profit and Loss Account for the period from 1960-61 to 1968-69 has produced various statements showing the financial position of the Mills under different heads. They are marked as Exts. M. 18 to M. 28. In addition, it has also produced the Balance Sheets and the Statements of Accounts of Davangere Cotton Mills Limited for the years 1960-61 to 1968-69 except for the year 1964-65 marked as Ext. M. 17 series for the purpose of comparison of the financial position of that concern with the Mills. It is seen from the statements filed that the Mills sufferred heavy losses from 1961-62 upto 1965-66 in a total sum of Rs. 50,33,465 which exceeded the eshare capital of the Mills. The financial crisis was averted by the co-operation of the workmen in the past agreeing to reduce the dearness allowance payable to them. The Mills sufferred heavvy loss during the period when the D.A. payable to the workmen was linked to the cost of living index under the settlement dated 1st July 1963. The financial position of the Mills showed positive signs only after the parties entered into the Settlement dated 30th September 1966 wherein the Dearness Allowance was fixed at a flat rate of Rs. 110 per month and further showed an upward trend after the settlement Ext. M. 2, dated 16th January 1967 under which the Dearness Allowance was fixed at Rs. 90 per month. It was stated by

Sri Rangaswamy Iyengar that for a continuous period of 7 years no dividend was paid to the Share Holders and for the first time the management was able to pay 4 per cent dividend only during last year after the Settlement Ext. M. 2 effecting a sharp reduction in the quantum of Dearness Allowance payable to the workmen. Taking into consideration the present financial position of the Mills, I am of the view that the Dearness Allowance fixed under Ext. M. 1 is just and fair.

21. Sri K. P. Satchindranath, the learned representative of the contesting Unions has advanced several contentions in support of his plea to reject the settlement and decide the points of dispute covered under the Order of Reference on merits. I shall deal with those contentions in the Order in which they were pressed before me.

22. The first contention urged was that the Deputy Labour Commissioner and Conciliation Officer has erred in entertaining the conciliation proceedings when the matter was pending adjudication on the file of this Tribunal. Admittedly the matter that was taken up in conciliation before the Deputy Labour Commissioner and Conciliation Officer was the question of implementation of the recommendations of the II Wage Board which was in the meanwhile published and accepted by the Central Government. This is also clear from the notice of conciliation issued under Section 12(1) of the Act, a copy of which has been filed by the Staff Union along with its objections dated 27th September 1970, and also from the recitals of the case set out in the settlement, Ext. M-1 itself. The proposal to settle all the disputes then outstanding between the parties including the points of dispute covered under the reference came up for discussion during the course of the said conciliation and ultimately resulted in the settlement Ext. M-1. No provision of law has been brought to my notice preventing the parties from settling the diespute amicably which are pending adjudication before a Tribunal. On the other hand, the judicial pronouncement is in favour of the position that parties could settle their disputes mutually and come to a settlement in respect of the matters pending adjudication before the authorities. (See Sur Silk Limited **vs.** Government of Andhra Pradesh, 1963 II LLJ 647) and Mysore Garment Cleaning Works **vs.** D.M. Aney and another (1970 II LLJ 195). We have also a reference in the decision in Krishnarajendra Mils Workers Union **vs.** Assistant Labour Commisioner (1968 I LLJ 504) that these very parties had settled their disputes and arrived at a settlement dated 1st July 1963 and filed it before our High Court when the matter was pending before the High Court and the High Court quashed the Award passed by the Tribunal and in its place substituted the compromise arrived at between the parties. In these circumstances, I see no force in this contention.

23. The next contention urged was that the settlement Exhibit M. 1 is ineffective for the reason that it does not comply with the provisions of Rule 59(2)(b) of the Industrial Disputes (Mysore) Rules, 1957, (which will be referred to as the Rules) in as much as, the Office bearers of the Trade Unions who have signed the said settlement on behalf of he workmen. This objection was taken for the time they signed the Settlement. This objection was taken for the first time only during the course of the arguments. Such an objection was not taken by the contesting Unions in their objection statement filed against the settlement. Apart from the oral assertions, they have not produced any material to show that the office bearers who have signed the settlement were not holding their respective offices at objection, in their objection statement, filed against the settlement, then certainly it is for the party who stands by the settlement, then certainly it is for the party who stands by the settlement to prove that the settlement in question was drawn in compliance with the relevant rule. For these reasons, I am unable to agree with the contention advanced by Sri K. P. Satchindranath that the Settlement is not in compliance with the provisions of the Rule 59(2)(b).

24. The third contention urged was that the terms of the settlement relating to Dearness Allowance is not just and fair as the II Party was obliged to restore to the previous system of payment of Dearness Allowance as per Settlement dated 1st July 1963 on the expiry of the period of settlement, Exhibit M. 2 with effect from 1st January 1969 as per clause 6 of the settlement. A provision similar to clause 6 of the Terms of Settlement under Exhibit M. 2 was found in the earlier settlement dated 30th September 1966 entered into by the parties, and a similar contention as the present one was urged before their Lordships of our High Court in Krishnarajendra Mills Workers' Union case (1968 (i) LLJ 504) while attacking the settlement Exhibit M. 2 and the same was repelled, holding that the provisions of the Settlement dated 1st July 1963 became extinguished or ceased to be in force by act of the parties in entering into a fresh settlement dated 30th September 1966. In that view, I am inclined to hold that there is no substance in this contention also.

25. The fourth contention urged was that the Mills has the financial capacity to pay Dearness Allowance linked with the cost of living index as provided under the Settlement dated 1st July 1963. In support of this submission, reliance was placed on Exhibit M. 19 which shows that the Mills had made profits during the period 1966-67 to 1968-69. I have already discussed this aspect of the case in my earlier portion of the Award. It must be remembered that the Mills was able to make profits during that period mainly on account of the generous attitude shown by the workmen in agreeing to have a reduction in the Dearness Allowance under the Settlement datd 30th September 1966 and 16th January 1967 Exhibit M-2. As against this, during

the subsistence of the Settlement dated 1st July 1963 under which the Dearness Allowance was linked to the cost of living index, the Mills was not in a position to make any profits but on the other hand, it ran into a huge loss as it is apparent from Exhibit M. 19 itself. One cannot, by the mere fact that the Mills was able to make some profit during certain period, reach a conclusion that it is in a sound financial position ignoring the other relevant circumstances which played an important role in the Mills earning the profits during that particular period. The Management has placed sufficient material to show that the Mills had not come out of the woods in spite of the generous attitude of the workmen, but, on the other hand, it has just made a limping progress towards prosperity. For these reasons, I am inclined to hold that the Mills is not in a position at present to pay bonus linked with the cost of Living Index as contended on behalf of the Contesting Unions.

26. The last contention urged was that the workmen are not prevented from disputing the terms of the settlement by the mere fact that they had accepted the benefits thereunder. I do not see much force in this submission. It is seen from the records that the workmen have not only received the benefits under the Settlement Exhibit M. 1 but also accepted all the terms of settlement thereunder without any reservation. That being the position I feel that they cannot now go back and contend that they are not bound by it.

27. Sri A. Venkatesaiah, the learned Counsel for the Staff Union raised a solitary objection in addition to the grounds urged on behalf of the other contesting Unions that the conciliation officer has contravened the principles of natural justice by allowing the two Unions and the management to sign the Settlement without granting any time for the contesting Unions to consider the proposal and intimate their reactions. Undoubtedly, the functions of a conciliation officer is neither quasi-judicial nor judicial. He is not required either to hold an enquiry over the disputes or give his findings. His only functions are to assist the parties to arrive at a settlement. It is left to the parites either to arrive at a settlement or not. Since the majority Unions representing the workmen and the staff wanted to sign the settlement, he could not prevent them from doing so. In that situation, granting or not granting time prayed for by some of the Unions does not arise. Muchless, it violates the principles of natural justice. In that view, I hold that there is no substance in this submission.

28. These are all the points urged both for and against the Settlement, Exhibit M. 1. On a careful consideration of the terms of the Settlement, relating to the points of dispute covered under the Order of Reference, and the evidence produced by the parties. I am inclined to hold that the terms of settlement, Exhibit M. 1 reached

by the parties is just and fair and it would help to maintain harmonious relationship between the labour and the employer which is the sole object of the industrial adjudication. All the 3 points of dispute scheduled in the Order of Reference are dealt within the Settlement Exhibit M. 1.

In the result, I make an Award in terms of the Settlement marked as Exhibit M. 1 and append it as an Annexure to this award so far as it relates to the subject matter of the Reference.

In the circumstances of the case, I direct each party to bear its own costs.

NARAYAN RAI KUDOOR,
Presiding Officer,
Industrial Tribunal, Bangalore.

ANNEXURE

BEFORE THE INDUSTRIAL TRIBUNAL, BANGALORE

Reference I.D. No. 17 of 1969

Ist Party:—Workmen of Sri Krishnarajendra Mills Limited.

vs.

IInd Party:—The Management of Sri Krishnarajendra Mills Limited.

Compromise Petition filed by the Parties

The disputes referred to this Tribunal for adjudication have been settled on 18th August 1970 during the course of conciliation proceedings before the Deputy Labour Commissioner and Conciliation Officer, Bangalore, regarding the implementation of the Recommendations of the Second Central Wage Board for the Cotton Textile Industry. A copy of the said settlement is herewith submitted. The settlement has been implemented and almost all the workmen have drawn the amounts due as per the settlement.

It is prayed that an award as per terms of the said settlement may kindly be passed and the case disposed of.

Representing the Management–

(Sd.) H. N. Pallegar,
Managing Director,
Sri Krishnarajendra Mills, Ltd.

Representing the Workmen—

(Sd.) A. C. Bastin,
President,
Sri Krishnarajendra Mills, Labour Association.

(Sd.) M. K. Chame Urs,
Secretary,
Sri Krishnarajendra Mills, Labour Association.

(Sd.) K. N. Somasundaram,
President,
Sri Krishnarajendra Mills, Staff Association.

(Sd.) C. Gopalarao Jadhav,
Secretary,
SriKrishnarajendra Mills Staff Association.

Bangalore,
Dated 21–9–1970

ANNEXURE

MEMORANDUM OF SETTLEMENT

Under Section 12(3) of the Industrial Disputes Act, 1947 between the Management and the Workers of Shri Krishnarajendra Mills, Ltd., Bangalore Road, Mysore-3.

Representing the Management of Shri Krishnarajendra Mills—

(1) Shri H. N. Pallegar,
Managing Director.

(2) Shri H. K. Kejriwal,
Director.

Representing Workmen—

(1) Krishnarajendra Mills Labour Association—

(1) Shri A. C. Bastin.
President.

(2) Shri M. K. Chame Urs,
Secretary.

(2) Sri Krishnarajendra Mills Workers Union—

(1) Shri M. Shivanna,
President.

(2) Shri Edmond Godfrey,
General Secretary.

(3) Sri Krishnarajendra Mills Karmik Sangh—

(1) Shri L. Ramaiah,
Vice-President.

(2) Shri Rajram,
Secretary.

(4) Sri Krishnarajendra Mills Staff Association—

(1) Shri K. N. Somasundaram,
President.

(2) Shri C. Gopalarao Jadhav,
Secretary.

(5) Sri Krishnarajendra Mills Staff Union—

(1) Shri K. Ramaswamiah,
Secretary.

SHORT RECITAL OF THE CASE

The question of implementing the recommendations of the Second Central Wage Board for Cotton Textile Industry was under consideration between the parties for sometime past. The Government was also anxious that these recommendations be implemented by the parties at the earliest. In consonance with the Government desire, the parties held several discussions between themselves but could not agree to all amicable settlement. The Management of Sri Krishnarajendra Mills who were prepared for a settlement on all matters covered by the recommendations of the Wage Board including Dearness allowance, a reference in respect of which was made to the Industrial Tribunal, Bangalore and was pending there in I.D. No. 17/69, approached the undersigned to initiate conciliation proceedings. During the conciliation proceedings held on 18th August 1970, the management offered to settle th matter including Dearness Allowance if the workmen accepted the same. The representatives of Krishnarajendra Mills Labour Association (a recognised Union under Code of Discipline) and the representatives of Sri Krishnarajendra Mills staff Association (a recognised Union under the Code of Discipline) were prepared to settle all matters covered by the recommendations of the above Wage Board including the dispute in respect of dearness allowance pending before the Industrial Tribunal. The representatives of the other three unions namely, Sri Krishnarajendra Mills Workers Unions, (2) Sri Krishnarajendra Mills Karmik Sangha and (3) Sri Krishnarajendra Mills Staff Union, were not prepared to have a Settlement inclusive of the matter relating to dearness allowance which was pending before the Industrial Tribunal. They, however wanted atleast 15 days time to consider the proposal and intimate their reactions.

Since the majority unions representing the workmen and staff and recognised by the management under the Code of Discipline have agreed for the settlement in respect of all matters including dearness allowance pending before the Industrial Tribunal and have agreed to file a copy of the settlement before the Industrial Tribunal with a request to make an award in terms of the above settlement and since reasonable opportunity was given to the representatives of the other three trade Unions in having invited them to the conciliation proceedings and given them sufficient scope to examine the terms of settlement and agree to the same if they so desired and since I am satisfied that the above settlement is fair and reasonable, a settlement, the terms of which are given below, has been effectd between the representatives of management and the recognised unions, this eighteenth day of August 1970.

TERMS OF SETTLEMENT

(1) The amount of gratuity payable to workmen under the existing scheme and basis will be increased by 12½ per cent with effect from 1st January 1969.

(2) The ex-gratia payment of Rs. 12.00 per month per workmen which was stopped on 20th September 1968 will be paid for the months of October, November and December 1968 also.

(3) The Management further agrees as a gesture of goodwill to calculate the dearness allowance for the month of January 1969 only at the rate of 20 paise per point or rise above 327 in the cost of living index figure for the city of Mysore and pay the difference between this amount and the amount already paid for which month. This will not be construed as amounting to an admission on the part of the management of an obligation to pay at the above said rate for any other month or period.

(4) With effect from 1st February 1969 upto 1st January 1971 a cosolidated dearness allowance of Rs. 115 per month will be paid to the workmen the break-up of which is as detailed below :—

(i) Rs. 90.00 dearness allowance fixed as per agreement dated 16th January 1967.

(ii) Rs. 12 that was being paid as ex-gratia payment upto the end of September 1968.

(iii) Rs. 4 representing the total increment in wages of Rs. 0.75 recommended by the Second Central Wage Board per year per worker for a period of 5 years rounded off to the nearest rupee. This is agreed by the parties to be added to dearness allowance as there are difficulties in adding the same to the present wage structure. All the 5 increments are consolidated and rounded off to the nearest rupee and the same will be treated as part of dearness allowance.

(iv) The increase of dearness allowance of Rs. 3 per year recommended by the Second Central Wage Board which would fall due on 1st January 1969, 1st January 1970, and 1st January 1971.

(5) Though the next increment of Rs. 3 in dearness allowance falls due on 1st January 1972, it will be paid with effect from 1st August 1970 making the total dearness allowance payable at Rs. 118. This is again agreed to with a view to maintain cordial atmosphere amongst the workmen.

(6) The last increase of Rs. 3 in dearness allowance as recommended by the Second Central Wage Board falls due on 1st January 1973 and it will be paid with effect from that date bringing the total dearness allowance to Rs. 121 with effect from 1st January 1973.

(7) It is agreed by the parties that if during the period of this agreement any other increases are made payable under any statutes such increases will be paid. If on the other hand recommendations are made for payment of any increase in wages or dearness allowance or other emoluments by the Central Government, the State Government or any other authority created by them negotiations will be carried on in respect of such recommendations.

(8) Each workman will execute a voucher at the time of receiving payment as per this settlement agreeing un-reservedly to the terms hereof.

(9) This agreement fully and finally settled all the claims of the workmen based on the recommendations of the Second Central Wage Board for Cotton Textile Industry, inclusive of the question of dearness allowance pending before the Industrial Tribunal, Bangalore, in I.D. No. 17 of 1969.

(10) The question of making substitutes permanent has already been settled and implemented and this dispute which has been referred for adjudication to the Industrial Tribunal in I.D. No. 17 of 1969 no longer survives.

(11) No wages will be paid to the workmen for the period of strike or lockout in February 1969 and this dispute referred for adjudication to the Industrial Tribunal in I.D. No. 17 of 1969 is already settled.

(12) As all the disputes referred for adjudication to the Industrial Tribunal in I.D. No. 17 of 1969 are settled in this overall settlement the parties will make a report of the settlement to the Tribunal enclosing a copy of this agreement and requesting the Tribunal to pass an award in terms of this settlement.

(13) During the period of this settlement, that is till 31st December 1974, the workmen will not raise any dispute regarding wages, dearness allowance, gratuity or any other matter covered by this agreement.

(14) Rationalisation as per recommendations of the Wage Board which is a continuous process will be commenced in right earnest, proper assessment of work-loads will be made in all the departments of the Mills and implemented without delay.

(15) Payments of all amounts accruing to the workmen as a result of this settlement will be made by the management on or before the 2nd September 1970.

Representing the Management of Shri Krishnarajendra Mills—

(Sd.) H. K. Kejriwal,
Director.

(Sd.) H. N. Palegar,
Managing Director.

Witnesses—

(1)

(2)

(3)

Dated : 18th August 1970.

Place : Bangalore.

Representing Workmen, Krishnarajendra Mills Labour Association—

(Sd.)

(Sd.)

(Sd.)

(Sd.)

(Sd.)

(Sd.)

Sri Krishnarajendra Mills Staff Association—

(Sd.) K. N. Somasundaram,
President.

(Sd.) T. N. Srikantaiah,
Vice-President.

(Sd.) C. Gopala Rao Jadav,
Secretary.

(Sd.) K. Muddu Gowda,
Assistant Secretary.

(Sd.) D. N. Krishnamurthy.

Before me.

(Sd.) Mir Masood Ali Khan,
Deputy Labour Commissioner and Conciliation Officer,
Bangalore Region, Bangalore.

ORDER

Bangalore, dated 26th October 1972

S. O. 207.—Whereas by State Government Order No. FCL 91 LLD 69, dated 24th March 1969 the Industrial Dispute between the workmen and the management of Sri Krishnarajendra Mills Ltd., Mysore was referred to the Industrial Tribunal, Bangalore for adjudication.

And, whereas the Industrial Tribunal has submitted to the State Government its award in respect of the said Industrial Dispute.

Now, therefore, in exercise of the powers conferred by Section 17 of the Industrial Disputes Act, 1947 (Central Act XIV of 1947), the Government of Mysore are pleased to direct the publication of the said award as above, in the **Mysore Gazette.**

[No. FCL 193 LLA 72.]

By Order and in the name of the Governor of Mysore,

ANIRUDHA DESAI,
Under Secretary to Government,
Food, Civil Supplies and Labour Department.

PR 1087